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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
DOCKET SECTION

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Joint Application of
UNITED AIR LINES, INC.
and
SCANDINAVIAN AIRLINES SYSTEM
under 49 U.S.C. 41308 and 41309 for
approval of and antitrust immunity for
an expanded alliance agreement

Docket OST 96-1411-12

CONSOLIDATED JOINT REPLY OF UNITED AIR LINES, INC.
AND SCANDINAVIAN AIRLINES SYSTEM

Communications with respect to this document should be sent
to:

MATS LONNKVIST
Vice President & General Counsel
SCANDINAVIAN AIRLINES SYSTEM
Frosundaviks Allè 1, Solna
S-195 87 Stockholm
Sweden

STUART I. ORAN
Executive Vice President
Corporate Affairs and
General Counsel
UNITED AIR LINES, INC.
P.O. Box 66100
Chicago, Illinois 60666
(847) 700-5052

MICHAEL F. GOLDMAN
BAGILEO, SILVERBERG & GOLDMAN, LLP
1101 30th Street, N.W.
Washington, D.C. 20007
(202) 944-3305

JOEL STEPHEN BURTON
GINSBURG, FELDMAN and BRESS,
CHARTERED
1250 Connecticut Avenue, N.W.
Suite 800
Washington, D.C. 20036
(202) 637-9130

Counsel for
SCANDINAVIAN AIRLINES SYSTEM

Counsel for
UNITED AIR LINES, INC.

DATED: August 19, 1996

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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
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_____)

Docket OST 96-1411

DATED: August 19, 1996

**CONSOLIDATED JOINT REPLY OF UNITED AIR LINES, INC.
AND SCANDINAVIAN AIRLINES SYSTEM**

Pursuant to Order 96-7-25, United Airlines and Scandinavian Airlines System ("SAS") submit this joint reply to the answers filed to their Joint Application for approval of and antitrust immunity for their Alliance Expansion Agreement. Only two answers were filed -- by American Airlines^{1/} and by the

^{1/} American explicitly acknowledges that it does not oppose the application (Comment at 1 and 5), but has chosen nonetheless to file a "Comment." However, American's Comment has nothing to do with the merits of the United/SAS application. Rather, American appears to be using this proceeding simply as a vehicle to respond to pleadings in which United has questioned whether approval by the Department of wholly-unrelated applications filed by American would be consistent with the public interest. As American's Comment is irrelevant, the Department can (and should) ignore the Comment and proceed promptly to grant the Joint Application. In any event, United has already fully responded to American's allegations. See, United Response dated August 13, 1996, filed in docket OST 96-1411 (Joint Application of United/Air Canada).

International Air Transport Association^{2/} -- neither of which opposes the Joint Application.

On August 14, after these answers were filed, United, SAS and Lufthansa filed a Joint Application for antitrust immunity for a Coordination Agreement among the three carriers intended to enable them to coordinate activity under their respective alliances, and a Motion to Consolidate for decision this Joint Application with the United/SAS Joint Application. (Docket OST-96-1646.) United and SAS recognize that consolidation of their Joint Application with Lufthansa with the United/SAS application pending in this docket may require the Department to await the filing of responses to their August 14 pleadings before it can issue a Final Order on the unopposed United/SAS immunity application. Because the public will benefit substantially from the grant of antitrust immunity to the United/SAS alliance, United and SAS, therefore, strongly urge the Department promptly to establish procedural dates for the filing of any responses to the United/SAS/Lufthansa Joint Application.

^{2/} The IATA pleading is confined solely to IATA's concerns about the conditions the Department may impose in approving the Joint Application on United's and SAS's participation in IATA tariff coordination. United and SAS have already addressed this issue. See Joint Application at 47.

Once all requisite procedural requirements are concluded, the Department should proceed expeditiously to issue an Order to Show Cause tentatively approving both the United/SAS Joint Application and the United/SAS/Lufthansa Joint Application. As noted, the United/SAS Joint Application is unopposed, and prompt approval of the application will permit the United/SAS alliance to operate more efficiently, compete more effectively with other global alliances, and provide enhanced services to the traveling and shipping public.

Prompt approval of the United/SAS/Lufthansa Joint Application will also secure important benefits. It will, among other things, enable the carriers through their Coordination Agreement to achieve greater efficiency in operations, marketing and distribution, and further their goal of offering a seamless global transportation network.

To secure promptly for the public these significant competitive and service benefits, the Department should proceed expeditiously to approve and extend antitrust immunity to the

Consolidated Joint Reply Of United Air Lines, Inc.
And Scandinavian Airlines System
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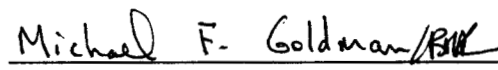
United/SAS alliance and the United/SAS/Lufthansa Cooperation
Agreement.

Respectfully submitted,



JOEL STEPHEN BURTON
GINSBURG, FELDMAN and BRESS,
CHARTERED
1250 Connecticut Avenue, N.W.
Suite 800
Washington, D.C. 20036
(202) 637-9130

Counsel for
UNITED AIR LINES, INC.


MICHAEL F. GOLDMAN
BAGILEO, SILVERBERG & GOLDMAN, LLP
1101 30th Street, N.W.
Washington, D.C. 20007
(202) 944-3305

Counsel for
SCANDINAVIAN AIRLINES SYSTEM

DATED: August 19, 1996
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CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Consolidated Joint Reply Of United Air Lines, Inc. And Scandinavian Airlines System to the persons on the attached Service List by causing a copy to be sent via first class mail, postage prepaid.


Kathryn Dionne North

DATED: August 19, 1996

Eileen Gleimer
Boros & Garofalo
1201 Connecticut Ave., N.W.
Suite 700
Washington, D.C. 20036-2605
(for Air Transport Int'l)

Carl B. Nelson, Jr.
American Airlines, Inc.
1101 17th Street, N.W.
Suite 600
Washington, D.C. 20036

John L. Richardson
Seeger Potter Richardson Luxton
Joselow & Brooks
2121 K Street, N.W.
Suite 700
Washington, D.C. 20036-3208

William Callaway
Zuckert, Scout, Rasenberger
& Johnson
888 17th Street, N.W.
Suite 500
Washington, D.C. 20006
(for Challenge)

Buddy Anslinger
Director, Regulatory
Proceedings
Continental Airlines, Inc.
2929 Allen Parkway
Houston, Texas 77019

Robert E. Cohn
Shaw, Pittman, Potts &
Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037-1116
(for Delta)

Roger W. Fones, Chief
Transportation, Energy & Agriculture Sec.
Antitrust Division
U.S. Department of Justice
Judiciary Center Building
555 Fourth Street, N.W., Room 9104
Washington, D.C. 20007

R. Tenney Johnson
2300 N Street, N.W.
Suite 600
Washington, D.C. 20037
(for DHL)

Richard Taylor
Steptoe & Johnson
1330 Connecticut Ave., N.W.
Washington, D.C. 20035
(for Evergreen)

Nathaniel P. Breed
Shaw, Pittman, Potts &
Trowbridge
2300 N. Street, N.W.
Washington, D.C. 2037
(for Federal Express)

Megan Poldy
Associate General Counsel
Northwest Airlines, Inc.
901 15th Street, N.W.
Suite 500
Washington, D.C. 20005

Kevin P. Montgomery
Vice President, Government
& Industry Affairs
Polar Air Cargo
1215 17th Street, N.W.
3rd Floor
Washington, D.C. 20007

Richard Fahy
Trans World Airlines
808 17th Street, N.W.
Suite 520
Washington, D.C. 20006

David L. Vaughan
Kelley, Drye & Warren
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036

Frank Cotter
USAir
2345 Crystal Drive
8th Floor
Arlington, VA 22227

Vance Fort
Worldcorp, Inc.
13873 Park Center Road
Herndon, VA 22071

Thomas C. Accardi
Director of Flight Standards
Federal Aviation Administration
800 Independence Ave., S.W.
Room 831
Washington, D.C. 20590

Bruce Keiner
Crowell & Moring
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(for Continental and Emery Air)

His Excellency K.E. Tygesen
Ambassador of Denmark
3200 Whitehaven Street, N.W.
Washington, D.C. 20008

His Excellency Kjeld Vibe
Ambassador of Norway
2720 34th Street, N.W.
Washington, D.C. 20008

His Excellency Henrik Liljegren
Ambassador of Sweden
1501 M Street, N.W.
Washington, D.C. 20005

David O'Connor, Esq.
Regional Director, United States
International Air Transport
Association
1001 Pennsylvania Avenue, N.W.
Suite 285 North
Washington, D.C. 20004-2505

Bert W. Rein, Esq.
Edwin O. Bailey, Esq.
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

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